

109TH CONGRESS  
1ST SESSION

# H. R. 1743

To encourage divestiture of current investments in Iran and discourage future investments in Iran and to require disclosure to investors of information relating to such investments.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2005

Ms. ROS-LEHTINEN (for herself, Mr. LANTOS, Mr. CHABOT, and Mr. ACKERMAN) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Government Reform and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To encourage divestiture of current investments in Iran and discourage future investments in Iran and to require disclosure to investors of information relating to such investments.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. UNITED STATES PENSION PLANS.**

4       (a) FINDINGS.—Congress finds the following:

5               (1) The United States and the international  
6       community face no greater threat to their security

1       than the prospect of rogue regimes who support  
2       international terrorism obtaining weapons of mass  
3       destruction, and particularly nuclear weapons.

4           (2) Iran is the leading state sponsor of inter-  
5       national terrorism and is close to achieving nuclear  
6       weapons capability but has paid no price for nearly  
7       twenty years of deception over its nuclear program.  
8       Foreign entities that have invested in Iran's energy  
9       sector, despite Iran's support of international ter-  
10      rorism and its nuclear program, have afforded Iran  
11      a free pass while many United States entities have  
12      unknowingly invested in those same foreign entities.

13           (3) United States investors have a great deal at  
14      stake in preventing Iran from acquiring nuclear  
15      weapons.

16           (4) United States investors can have consider-  
17      able influence over the commercial decisions of the  
18      foreign entities in which they have invested.

19      (b) PUBLICATION IN FEDERAL REGISTER.—Not  
20      later than six months after the date of the enactment of  
21      this Act and every six months thereafter, the President  
22      shall ensure publication in the Federal Register of a list  
23      of all United States and foreign entities that have invested  
24      more than \$20,000,000 in Iran's energy sector between  
25      August 5, 1996, and the date of such publication. Such

1 list shall include an itemization of individual investments  
2 of each such entity, including the dollar value, intended  
3 purpose, and current status of each such investment.

4 (c) SENSE OF CONGRESS RELATING TO DIVESTI-  
5 TURE FROM IRAN.—It is the sense of Congress that, upon  
6 publication of a list in the relevant Federal Register under  
7 subsection (b), managers of United States Government  
8 pension plans or thrift savings plans, managers of pension  
9 plans maintained in the private sector by plan sponsors  
10 in the United States, and managers of mutual funds sold  
11 or distributed in the United States should immediately ini-  
12 tiate efforts to divest all investments of such plans or  
13 funds in any entity included on the list.

14 (d) SENSE OF CONGRESS RELATING TO PROHIBI-  
15 TION ON FUTURE INVESTMENT.—It is the sense of Con-  
16 gress that, upon publication of a list in the relevant Fed-  
17 eral Register under subsection (b), there should be no fu-  
18 ture investment in any entity included on the list by man-  
19 agers of United States Government pension plans or thrift  
20 savings plans, managers of pension plans maintained in  
21 the private sector by plan sponsors in the United States,  
22 and managers of mutual funds sold or distributed in the  
23 United States.

24 (e) DISCLOSURE TO INVESTORS.—

1           (1) IN GENERAL.—Not later than 30 days after  
2           the date of publication of a list in the relevant Fed-  
3           eral Register under subsection (b), managers of  
4           United States Government pension plans or thrift  
5           savings plans, managers of pension plans maintained  
6           in the private sector by plan sponsors in the United  
7           States, and managers of mutual funds sold or dis-  
8           tributed in the United States shall notify investors  
9           that the funds of such investors are invested in an  
10          entity included on the list. Such notification shall  
11          contain the following information:

12                 (A) The name or other identification of the  
13                 entity.

14                 (B) The amount of the investment in the  
15                 entity.

16                 (C) The potential liability to the entity if  
17                 sanctions are imposed by the United States on  
18                 Iran or on the entity.

19                 (D) The potential liability to investors if  
20                 such sanctions are imposed.

21          (2) FOLLOW-UP NOTIFICATION.—

22                 (A) IN GENERAL.—Except as provided in  
23                 subparagraph (C), in addition to the notifica-  
24                 tion required under paragraph (1), such man-  
25                 agers shall also include such notification in

1 every prospectus and in every regularly pro-  
2 vided quarterly, semi-annual, or annual report  
3 provided to investors, if the funds of such inves-  
4 tors are invested in an entity included on the  
5 list.

6 (B) CONTENTS OF NOTIFICATION.—The  
7 notification described in subparagraph (A) shall  
8 be displayed prominently in any such pro-  
9 spectus or report and shall contain the informa-  
10 tion described in paragraph (1).

11 (C) GOOD-FAITH EXCEPTION.—If, upon  
12 publication of a list in the relevant Federal  
13 Register under subsection (b), such managers  
14 verifiably divest all investments of such plans or  
15 funds in any entity included on the list and  
16 such managers do not initiate any new invest-  
17 ment in any other such entity, such managers  
18 shall not be required to include the notification  
19 described in subparagraph (A) in any pro-  
20 spectus or report provided to investors.

21 **SEC. 2. REPORT BY OFFICE OF GLOBAL SECURITY RISKS.**

22 Not later than 30 days after the date of publication  
23 of a list in the relevant Federal Register under section  
24 206(b), the Office of Global Security Risks within the Di-  
25 vision of Corporation Finance of the United States Securi-

1 ties and Exchange Commission shall issue a report con-  
2 taining a list of the United States and foreign entities  
3 identified in accordance with such section, a determination  
4 of whether or not the operations in Iran of any such entity  
5 constitute a political, economic, or other risk to the United  
6 States, and a determination of whether or not the entity  
7 faces United States litigation, sanctions, or similar cir-  
8 cumstances that are reasonably likely to have a material  
9 adverse impact on the financial condition or operations of  
10 the entity.

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